

S.B. 891 – Foreclosure Mediation Program**Testimony of Raphael L. Podolsky**

Banking Committee public hearing – March 2, 2021

Recommended Committee action: APPROVAL OF THE BILL

Section 1 through 6 of this bill make the Foreclosure Mediation Program (FMP) permanent. The bill is long overdue. Since its original adoption in 2008 during that foreclosure crisis, the legislature has extended the FMP from one to four years at a time, on the theoretical assumption that the time will come when it is no longer needed. This program has been extraordinarily successful – indeed, a national model. Judicial Branch data show a settlement rate of 87% (out of almost 32,000 cases since 2008), with 82% of the settled cases (71% of all FMP cases) resulting in the homeowner staying in the home, most of those with loan modifications that the banks were unable or unwilling to agree to prior to the involvement of the FMP. A town-by-town analysis of Judicial Branch data in 2018 showed that, during the preceding two-year period, there had been 7,373 homeowners who had participated in the FMP, including at least one from every single town in the state.

While the volume of the need will change from year to year, the crisis for individual homeowners does not – and never will – go away. There is nothing temporary about homeowners being faced with foreclosure. Two other major court-based mediation/case settlement programs in the Connecticut courts with which I am familiar – the housing mediation program for evictions in housing court and the family relations mediation program in family court – are not only permanent programs but are essential to the fair resolution of cases. Even in cases where the homeowner must leave, the FMP has increased the likelihood of sales in lieu of foreclosure or, in the worst cases, a more reasonable departure of the homeowner from the home. The FMP has kept extensive data of the results of the program, and the evidence of its success is overwhelming. See https://www.jud.ct.gov/Statistics/FMP/FMP_Report_bank_2021.pdf for the most recent report.

While ongoing evaluation is both desirable and necessary, it is time for the FMP to be recognized as a permanent program that should not have to come back year after year to justify its very existence. It is essential. We urge the Committee to approve this bill.

Section 7 of the bill addresses the immediate crisis resulting from the pandemic. It requires lenders, until July 2023, to provide homeowners at risk of foreclosure whose mortgages are not backed by Fannie Mae with substantially the same options for forbearance and loan modification that are required for homeowners with Fannie Mae-backed mortgages. We support this section as well.

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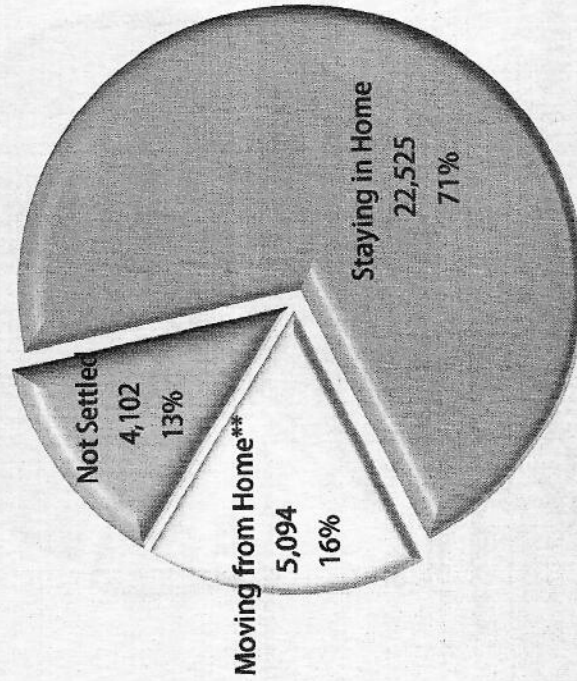
Appendix E



Foreclosure Mediation Program

Case Outcomes

July 1, 2008 through December 31, 2020

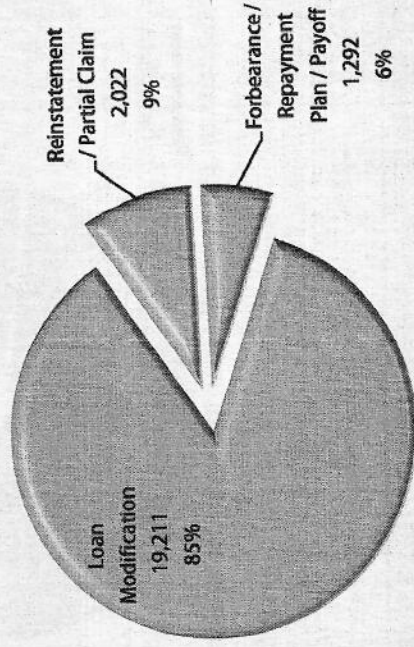


31,721

cases have completed mediation

87%

settlement rate*



Staying in Home

outcome distribution

* Settlement Rate is "Moving from Home" plus "Staying in Home" divided by cases that have completed mediation.

** "Moving from Home" includes: Agreements for a Short Sale, a Deed In Lieu, or Extension of the Law Day or Sale Date.

CASES IN FORECLOSURE MEDIATION – January 1, 2016 through December 31, 2017							
Based on Judicial Branch data							
TOWN	Cases	TOWN	Cases	TOWN	Cases	TOWN	Cases
No town Listed	92	East Haven	78	Montville	37	Somers	13
Andover	9	East Lyme	28	Morris	2	South Windsor	46
Ansonia	46	East Windsor	18	Naugatuck	99	Southbury	47
Ashford	7	Eastford	5	New Britain	161	Southington	55
Avon	15	Easton	29	New Canaan	24	Sprague	10
Barkhamsted	2	Ellington	20	New Fairfield	31	Stafford	33
Beacon Falls	19	Enfield	81	New Hartford	14	Stamford	236
Berlin	30	Essex	8	New Haven	211	Sterling	11
Bethany	10	Fairfield	105	New London	53	Stonington	24
Bethel	61	Farmington	29	New Milford	82	Stratford	203
Bethlehem	2	Franklin	3	Newington	49	Suffield	10
Bloomfield	94	Glastonbury	38	Newtown	76	Thomaston	16
Bolton	5	Goshen	5	North Branford	37	Thompson	17
Bozrah	6	Granby	20	North Canaan	6	Tolland	33
Branford	53	Greenwich	78	North Haven	46	Torrington	85
Bridgeport	439	Griswold	28	Norfolk	1	Trumbull	90
Bridgewater	3	Groton	50	North Stonington	11	Union	4
Bristol	133	Gulford	35	Norwalk	202	Vernon	46
Brookfield	35	Haddam	17	Norwich	108	Voluntown	6
Brooklyn	13	Hamden	160	Old Lyme	14	Wallingford	73
Burlington	8	Hampton	6	Old Saybrook	20	Warren	3
Canaan	2	Hartford	182	Orange	25	Washington	5
Canterbury	8	Hartland	3	Oxford	34	Waterbury	297
Canton	14	Harwinton	5	Plainfield	34	Waterford	39
Chaplin	3	Hebron	17	Plainville	36	Watertown	46
Cheshire	33	Kent	5	Plymouth	33	West Hartford	90
Chester	4	Killingly	97	Pomfret	9	West Haven	166
Clinton	22	Killingworth	8	Portland	13	Westbrook	10
Colchester	29	Lebanon	18	Preston	16	Weston	35
Colebrook	2	Ledyard	29	Prospect	23	Westport	48
Columbia	11	Lisbon	15	Putnam	16	Wethersfield	43
Cornwall	2	Litchfield	17	Redding	21	Willingford	6
Coventry	26	Lyme	9	Ridgefield	52	Wilton	22
Cromwell	25	Madison	23	Rocky Hill	16	Winchester	26
Danbury	142	Manchester	87	Roxbury	11	Windham	27
Darien	20	Mansfield	13	Salem	8	Windsor	84
Deep River	8	Marlborough	14	Salisbury	4	Windsor Locks	30
Derby	36	Meriden	143	Scotland	4	Wolcott	46
Durham	16	Middlebury	13	Seymour	41	Woodbridge	16
East Granby	13	Middlefield	4	Sharon	7	Woodbury	29
East Haddam	33	Middletown	77	Shelton	74	Woodstock	6
East Hampton	33	Milford	108	Sherman	12		
East Hartford	151	Monroe	58	Simsbury	26	Grand Total	7373